Universities and local governments not considered 'controlled' by the Queensland Government

Statutory bodies are considered to be 'owned' by the Queensland Government

APG 9  Accounting for Contributions by Owners and Distributions to Owners

Introduction

This APG provides guidance on the definition, recognition and disclosure requirements of non-reciprocal transfers of assets and liabilities undertaken by the ‘owners’ of Queensland’s public sector entities.

For readability, the term ‘recipient’ is used (instead of ‘transferee’) when referring to the entity that receives the asset and/or liability, as the case may be.

Applicable requirements/guidance

Framework for the Preparation and Presentation of Financial Statements as amended by
AASB CF 2013-1 Amendments to the Australian Conceptual Framework
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1004 Contributions
Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities
Minimum Reporting Requirements (Part B) Section FRR 4 General Requirements (Newly Formed Entity, Cessation of Entity)
APG 18 Machinery-of-Government Changes

Scope of Public Sector Entities

Whilst universities and local governments are established under State legislation, they are not considered to be ‘controlled’ by the Queensland Government. As such, any transactions between Queensland public sector entities and universities/local governments are considered to be, and are accounted for, as transactions with a party external to the Queensland public sector.

For the purposes of this accounting policy guideline, Queensland’s statutory bodies ‘controlled’ by the Queensland Government are considered to be ‘owned’ by the Queensland Government. This means that non-reciprocal transfers to/from statutory bodies and other wholly-owned Queensland Government entities that meet the criteria set out below are to be accounted for as contributions by/distributions to owners by both the transferor and recipient.

Interpretation 1038 establishes criteria for determining whether transfers satisfy the definition of ‘contributions by owners’ in AASB 1004. It also effectively broadens the scope of entities to which the concepts of ‘contributions by owners’/distributions to owners’ apply. Hence, Interpretation 1038 applies to all Queensland public sector entities (except universities, local government and statutory bodies established under State legislation but
not ‘controlled’ by Queensland Government), including public sector companies and government owned corporations.

**Representatives of the State as ‘Owner’**

For the purposes of this accounting policy guideline, Queensland entities or individuals capable of representing the State as the ‘owner’ of Queensland’s wholly-owned public sector entities are Cabinet, Cabinet Budget Review Committee (CBRC), Executive Council or portfolio Minister(s) for the agencies concerned (as representatives of the Government as a whole).

**Non-Reciprocal Transfers Undertaken by Owners**

Transfers of assets and/or liabilities are either reciprocal or non-reciprocal. A non-reciprocal transfer is where a recipient and transferor directly assume/transfer assets and/or liabilities without giving/receiving approximately equal value in exchange. Asset and/or liability transfers as a consequence of machinery-of-Government (moG) changes are examples of non-reciprocal transfers.

This accounting policy guideline considers non-reciprocal transfers involving the following:

- contributions by owners – the transfer of assets (or assets and liabilities) which is considered in Interpretation 1038; and
- distributions to owners – the transfer of liabilities (or assets and liabilities totalling net liabilities) for which there is no Australian Accounting Standard or Interpretation.

Whether a transfer of an asset(s) is voluntary (i.e. at the discretion of an agency) or involuntary (e.g. arising from a machinery-of-Government change), is irrelevant when determining the appropriate accounting treatment. As with all transactions, such transfers should be accounted for according to the substance of the transaction and the requirements of relevant accounting standards and this guideline.

**Criteria for Contributions by Owners**

Interpretation 1038 applies to transfers of assets (or assets and liabilities) to wholly-owned public sector entities from other entities within the same group of entities.

Interpretation 1038 states that a transfer of assets (or assets and liabilities) is a ‘contribution by owners’ where its equity nature is evidenced by any of the following:

- the issue/cancellation, in relation to the transfer, of equity instruments which can be sold, transferred or redeemed;
- a formal agreement (or amendment thereto), in relation to the transfer, establishing/reducing the financial interest in the net assets of the recipient which can be sold, transferred or redeemed; or
- formal designation of the transfer (or a class of such transfers) by the State or a representative of the State as forming part of (or constituting a redemption of) the recipient’s contributed equity, either before the transfer occurs or at the time of the transfer.

Applying paragraph 11 of Interpretation 1038, if a non-reciprocal transfer of assets/net assets meets this policy’s criteria for accounting as a contribution by owners by the recipient, then the transferor entity must classify the transfer as a distribution to owners.
Statutory bodies do not receive appropriations

Machinery-of-Government Changes

Departments undertake the administrative functions of Government. As circumstances change, these arrangements may be restructured. In relation to some or all of a department's functions, this restructuring may take the form of creation of a new department, amalgamation with another department, cessation, or divestment of certain functions to another department. These transfers are referred to as moG changes and are formalised by Government gazettal of an administrative order. This gazettal represents the formal designation required under Interpretation 1038 in respect of the associated transfers of assets/liabilities between departments.

The transferor and recipient agencies must agree on the values of the assets/liabilities transferred, or accept the value as determined by the owner (i.e. Cabinet, Cabinet Budget Review Committee, Executive Council or portfolio Minister(s) – representing the State as the 'owner') as soon as practicable after the transfer has occurred.

The effective date of a moG transfer is the date of gazettal of the moG change. However, s.80 of the FA Act sets out certain provisions for the preparation of general purpose financial statements where gazettal of a moG change occurs on a day other than the first day of a month and the transferring department is not abolished. APG 18 provides specific guidance on a range of accounting and reporting issues that arise from a moG change.

Land Under Roads

Untitled land under roads is an administered asset of the Department of Natural Resources and Mines. In relation to transfers of untitled land under roads, a once-off formal designation (transfer notice) must be made by those agencies that have acquired land designated as roads and are for the first time transferring such land to the Department of Natural Resources and Mines.

To be effective, this transfer notice must state that:

- the notice is enduring in nature;
- all land designated as roads in the agency's books is to be transferred to the Department of Natural Resources and Mines at least before the end of the reporting period;
the transfers are a capital adjustment, i.e. to be adjusted against the contributed equity of the transferor and recipient (to the extent that the transferor’s contributed equity is insufficient, its accumulated surplus is to be adjusted); and

at least once a year, the recipient/transferor agencies must agree the value of all land under roads transferred during that financial year or accept the value as determined by the owner (i.e. Cabinet, Cabinet Budget Review Committee, Executive Council or portfolio Minister(s) – representing the State as the ‘owner’) or Queensland Treasury.

In the situation where a department has more than one Minister, the requirement to have all or a representative (being one of the Ministers) that must sign the department’s official documents, such as a non-reciprocal transfer of assets/liabilities to another wholly-owned Government agency, is determined by the departmental administrative arrangements currently in place. For the purposes of meeting this reporting requirement, either all or a representative (being one of the Ministers) will be deemed sufficient to meet this obligation.

Other Non-reciprocal Transfers to/from Wholly-owned Queensland Public Sector Entities

A non-reciprocal transfer of assets (or assets and liabilities) to another wholly-owned Government agency would be considered a contribution by owners and accounted for directly against equity if:

- it was approved by the ‘owners’ i.e. Cabinet, CBRC, Executive Council or portfolio Minister(s) for the agencies concerned;
- the approval clearly states that the transfer is a capital contribution and/or distribution which is to be adjusted against the transferor’s and recipient’s contributed equity (constituting the formal designation required under Interpretation 1038). To the extent that this would cause the transferor’s contributed equity to reduce below $0, the balance should be adjusted against that entity’s accumulated surplus. In turn, to the extent that this would cause the transferor’s accumulated surplus to reduce below $0, the balance should be recognised as an expense by the transferor and as corresponding revenue by the recipient; and
- that approval was obtained at or before the time of the transfer.

Criteria for Distributions to Owners

Interpretation 1038 does not explicitly consider the treatment for non-reciprocal transfers of liabilities or net liabilities between public sector entities.

It is Treasury’s view that non-reciprocal transfers of liabilities or net liabilities between Queensland Government entities are distributions to owners, and are to be accounted for in accordance with the principles of AASB 1004 and Interpretation 1038, subject to meeting the criteria, on the basis of the following:

- there is no AASB pronouncement that specifically applies to this situation;
- pursuant to paragraph 10 of AASB 108, an accounting policy needs to be determined; and
- in determining an appropriate accounting policy, paragraph 11(a) of AASB 108 states that consideration should be given to the applicability of requirements in Australian Accounting Standards dealing with similar and related issues. In this respect, AASB 1004 and Interpretation 1038 contain relevant requirements. Therefore, the principles of those pronouncements form the basis for this policy guideline.
Applying the principles of paragraph 8 of Interpretation 1038, a non-reciprocal transfer of liabilities/net liabilities is a 'contribution by owners' to the transferor where its equity nature is evidenced by any of the following:

- the issue, in relation to the transfer, of equity instruments which can be sold, transferred or redeemed;
- a formal agreement, in relation to the transfer, establishing/increasing the financial interest in the net assets of the transferor which can be sold, transferred or redeemed; or
- formal designation of the transfer (or a class of such transfers) by the State or a representative of the State as forming part of the recipient's contributed equity, either before the transfer occurs or at the time of the transfer.

Applying the concepts and principles contained in paragraph 11 of Interpretation 1038, if a non-reciprocal transfer of liabilities/net liabilities meets this policy's criteria for accounting as a distribution to owners by the recipient, then the transferor entity must classify the transfer as a contribution by owners.

Therefore, under this policy, a non-reciprocal transfer of liabilities or net liabilities to another wholly-owned Queensland Government entity is to be accounted for as a distribution to owners (and a contribution by owners, as appropriate) and accounted for directly against equity if:

- it was approved by the 'owners' i.e. Cabinet, CBRC, Executive Council or portfolio Minister(s) for the entities concerned;
- the approval clearly states that the transfer is capital distribution and/or capital contribution which is adjusted against the transferor and recipient's contributed equity (constituting the formal designation required under Interpretation 1038). To the extent that this would cause the transferor's contributed equity to reduce below $0, the balance should be adjusted against that entity's accumulated surplus. In turn, to the extent that this would cause the transferor's accumulated surplus to reduce below $0, the balance should be recognised as an expense by the transferor and as corresponding revenue by the recipient; and
- that approval was obtained at or before the time of the transfer.

An example has been prepared that illustrates the operation of these principles. Refer Appendix 9.1.

**Processes to Effect Non-Reciprocal Transfers**

**Types of Formal Designations**

The formal designation may occur in a variety of ways, including minutes of a decision by the governing body of the contributor, correspondence to the transferor and recipient, legislation, administrative orders, directions issued by or on behalf of portfolio Ministers for the agencies concerned. Whatever means is used, it must specify that the transfer is to be adjusted against the recipient’s and transferor’s contributed equity and/or other components of equity.

Pursuant to paragraph 12 of Interpretation 1038, transfers designated as contributions by owners must not be redesignated as income, and vice versa.
Refer to Appendix 9.2 for examples of transfer notices.

**Effective Date**

The effective date of non-reciprocal transfers (other than appropriated equity adjustments, mOGs and land under roads) is the date when control of the assets/liabilities, and associated obligations, pass to the recipient.

**Values to be Agreed**

The transferor and recipient agencies must agree on the values of the assets/liabilities transferred or accept the value as determined by the owner (i.e. Cabinet, Cabinet Budget Review Committee, Executive Council or portfolio Minister(s) – representing the State as the ‘owner’) as soon as practicable.

**Specifying components of equity**

The State, as owner, has the discretion to distinguish between the entity’s contributed equity and other components of equity e.g. accumulated surplus/deficit (in accordance with the principles underlying paragraph 31 of Interpretation 1038) when making a distribution. For the purposes of a formal designation regarding a ‘distribution to owners’, this means the State can specify the components of equity against which the distribution is to be allocated.

Where a transfer of liabilities/net liabilities meets the criteria for treatment as a ‘distribution to owners’ for the recipient (and therefore the State can specify the components of equity to be debited in the recipient’s books), the transferor must only account for this as an increase in its contributed equity (as, under Interpretation 1038, a ‘contribution by owners’ can only be credited to contributed equity).

In the context of transfers of liabilities/net liabilities, the owner has the discretion to designate such transfers for the recipient as:

1. a distribution to owners (and a contribution from owners for the transferor)
2. an increase in ownership interest
3. assumption of a liability through profit or loss.

Where the designation is a distribution to owners, the formal designation must specify which component(s) of the recipient’s equity (i.e. contributed equity, accumulated surplus and/or available reserves) are to be adjusted. Generally, transfers of this nature would be adjusted against contributed equity. Where an adjustment may result in one or more components of the recipient’s equity having a debit balance (that is, the account/s are insufficient to absorb the equity adjustment), the designation is to confirm that such an excess is to be recognised through the operating result.

In the context of transfers of assets/net assets, a formal designation can classify part or all of a transfer as a ‘redemption of ownership interest’ (in the transferor) by the recipient, but only to the extent of the ownership interest recorded by the transferor immediately before the distribution is made (paragraph 43 of Interpretation 1038). This is acceptable because the recipient is receiving a return of its investment (in the form of net future economic benefits). The criteria for accounting for a transfer as a ‘redemption of ownership interest’ (all or in part) in the transferor is set out in paragraph 13 of Interpretation 1038.

To the extent that the State designates that a transfer is to be treated as a total redemption of an ownership interest in the transferor:

- but the balance of the ownership interest is less than the total net assets transferred, the remainder of the total transfer amount may be designated by the State as a ‘contribution by owners’. However, if the designation notice does not designate the remaining balance as a ‘contribution by owners’ the balance must be recognised as a gain on redemption of ownership interest in the recipient’s operating result;
• but the balance of the ownership interest is greater than the total net assets transferred, the difference is to be recognised as a loss on redemption of ownership interest in the recipient’s operating result.

Accounting for Non-Reciprocal Transfers

The following sub-sections explain the accounting treatments for non-reciprocal transfers, depending on the nature of the entities involved.

Non-reciprocal Transfers to/from Wholly-Owned Queensland Public Sector Entities

Transfers of assets and/or liabilities referred to in the above sections ‘Machinery-of-Government Changes’ and ‘Other Non-reciprocal Transfers to/from Wholly-owned Queensland Public Sector Entities’ must be accounted for as contributions by/distributions to owners and adjusted against equity. To the extent that the equity adjustment is to contributed equity, it is known as a non-appropriated equity adjustment.

The entity making the transfer of assets and/or liabilities should record a decrease in its assets and/or its liabilities with a corresponding decrease/increase in contributed equity or other components of equity in accordance with the designation notice. Conversely, the receiving entity should recognise a matching increase in assets/liabilities with a corresponding adjustment to its equity (equity injection/withdrawal).

In respect of the transferor entity, the amounts to be debited to the various components of equity are similarly to be determined as soon as practicable.

Reserve balances, including Asset Revaluation Surpluses, cannot be transferred between agencies. Although such balances cannot be transferred, a designation connected with a transfer can specify how a ‘distribution to owners’ is to be allocated between the various components of equity (including accumulated surplus/deficit and available reserves), consistent with paragraph 31 of Interpretation 1038.

With any non-reciprocal transfer of assets and/or liabilities, to the extent that the State (or a representative thereof) has not issued a designation for the accounting treatment, the transfer is to be recognised through the Statement of Comprehensive Income.

Consistent with paragraph 12 of Interpretation 1038, transfers designated as ‘contributions by owners’ must not be subsequently redesignated as income, and vice versa.

Non-reciprocal Transfers to/from Non-Queensland State Public Sector Entities (e.g. to/from Local and Commonwealth Governments, Universities and Private Sector Entities)

Non-reciprocal transfers of assets and liabilities between a department and entities considered (for financial reporting purposes) to be external to the Queensland public sector must be adjusted through the department’s Administered Statement of Comprehensive Income, provided the transfers have been approved, at or before the time of the transfer, by Cabinet, CBRC, Executive Council or portfolio Minister(s) for the agencies concerned.
However, if a department receives appropriation funding to compensate for the loss on disposal of the asset, the transfer must be accounted for in the department's Controlled Statement of Comprehensive Income.

For a department to effect the adjustment in its Administered Income Statement, an initial adjustment should be made against the contributed equity account (and/or retained earnings where the balance of contributed equity is insufficient) in the controlled accounts of the department, and then an administered expense/revenue ultimately needs to be recognised. For example:

- Contributed Equity/Retained Earnings (controlled) Dr 130
- Accumulated Depreciation (controlled) Dr 50
- Accumulated Impairment Losses (controlled) Dr 20
- Assets (controlled) Cr 200

(to de-recognise the asset from the controlled accounts)

- Assets (administered) Dr 130
- Contributed Equity (administered) Cr 130

(to initially recognise the asset in the administered accounts)

- Expense (administered) Dr 130
- Assets (administered) Cr 130

(to recognise the transfer of the asset in the administered accounts)

Non-reciprocal transfers of assets and liabilities between a statutory body and entities external to the Queensland public sector must be adjusted through the Statement of Comprehensive Income. This is because each entity belongs to a different economic entity (with different owners), so the transactions between the two entities will not be offset within the whole-of-Government consolidated financial statements. Unlike some departments, statutory bodies do not have administered activities and therefore the adjustment cannot be effected in an Administered Income Statement.

Disclosure Requirements

Non-reciprocal transfers between public sector entities undertaken at the direction of the State should be disclosed as a note to the financial statements, where material. Both the transferor and recipient entities should disclose as a note to the financial statements the total amount of assets and/or liabilities transferred/assumed, where there is a group of assets, or assets and liabilities transferred.

Where a department undergoes non-reciprocal transfers at the direction of Executive Government that result in significant changes to the activities that the department carries out, comparative amounts throughout the financial statements for the preceding reporting period need not be recast or adjusted to reflect the transfer of activities between departments as a result of such changes. A note to the financial statements must indicate the nature and extent of the significant change in activities.

Specific disclosure requirements in relation to machinery-of-Government changes are set out in APG 18 Machinery-of-Government Changes.
APPENDIX 9.1 - EXAMPLE OF A NET LIABILITY TRANSFER

Example - Contributions by/Distributions to Owners

The Government has made a policy decision to restructure the activities and functions of the group of companies comprising A Pty Ltd, B Pty Ltd and C Pty Ltd, resulting in a wind-up of B Pty Ltd. C Pty Ltd is to transfer one of its borrowings (carrying amount $250M) to A Pty Ltd.

All consequential transfers of assets and liabilities arise from a decision made by Government, without the discretion of any of the entities concerned.

To reflect the Government's decisions on the accounting treatment of these transfers, the Government's transfer notice/s, finalised before the transfer date, specify the following formal designations:

- The transfer of B Pty Ltd assets and liabilities (i.e. net liabilities) is to be accounted for by A Pty Ltd as a distribution to owners (to be adjusted against A's equity, rather than as an acquisition of an ownership interest), and by B Pty Ltd as a contribution by owners.

- The transfer of one of C Pty Ltd's borrowings is to be accounted for as a distribution to owners (rather than an acquisition of an ownership interest) by A Pty Ltd and a contribution by owners to C Pty Ltd. Both entities are to account for these as an adjustment against contributed equity, to the extent that they have a sufficient balance. To the extent that such adjustments would cause the transferor's contributed equity to reduce below $0, the balance should be adjusted against that entity's accumulated surplus. To the extent that this would cause that entity's accumulated surplus to reduce below $0, the balance should be recognised as an expense by the transferor and as corresponding revenue by the recipient.
The following illustrative journal entries assume that each entity has a sufficient credit balance for contributed equity.

Accounting Treatment

A Pty Ltd

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$1M</td>
<td></td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>$20M</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td>$21M</td>
</tr>
</tbody>
</table>

(Recognition of distribution to owners for the assumption of net liabilities from B Pty Ltd in accordance with formal designation)

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment Loss on Investment</td>
<td>$1M</td>
<td></td>
</tr>
<tr>
<td>Investment in B Pty Ltd</td>
<td></td>
<td>$1M</td>
</tr>
</tbody>
</table>

(Recognition of impairment loss expense re investment asset not realised/recovered following wind up of B Pty Ltd)

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed Equity</td>
<td>$250M</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td>$250M</td>
</tr>
</tbody>
</table>

(Recognition of assumption of borrowings from C Pty Ltd against contributed equity, in accordance with formal designation as a distribution to owners)

B Pty Ltd

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>$21M</td>
<td></td>
</tr>
<tr>
<td>Contributed Equity</td>
<td></td>
<td>$20M</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td>$1M</td>
</tr>
</tbody>
</table>

(Recognition of transfer of net liabilities to A Pty Ltd on wind up adjusted against contributed equity in accordance with formal designation as a contribution by owners)

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed Equity</td>
<td>$21M</td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus/Deficit</td>
<td></td>
<td>$21M</td>
</tr>
</tbody>
</table>

(To clear remaining equity balances following the transfer of net liabilities and the wind up of the company – assumes Contributed Equity balance of $1M prior to transfer)

C Pty Ltd

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>$250M</td>
<td></td>
</tr>
<tr>
<td>Contributed Equity</td>
<td></td>
<td>$250M</td>
</tr>
</tbody>
</table>

(Recognition of the transfer of a borrowing to A Pty Ltd adjusted against contributed equity in accordance with formal designation as a contribution by owners)
APPENDIX 9.2 - EXAMPLE TRANSFER NOTICES

Example 1. Transfer of an asset between departments

This notice is to effect the transfer of an asset from the transferor [insert name] to the recipient [insert name]

DESIGNATION OF TRANSFER

Department of [insert name of transferor department] transfers [asset] to the Department of [insert name of recipient department] as a result of a decision made by the owner or a representative of the owner in relation to [insert event].

Transfer date – [insert DD Month YYYY]

| Asset transferred to Department of [insert name] | $xxx |
| Asset transferred from Department of [insert name] | $xxx |

or

The value of the asset transferred at date of transfer is to be agreed by [insert date].

This transfer notice is made pursuant to AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and APG 9 Accounting for Contributions by Owners and Distributions to Owners.

This transfer is designated as contributions by owners for the recipient, which is to be adjusted against the Department of [insert name of transferor department] and the Department of [insert name of recipient department]'s contributed equity, to take effect on [DD Month YYYY]. To the extent that this would cause the contributed equity of [the transferor department] to reduce below $0, the balance is to be adjusted against [the transferor department’s] accumulated surplus. To the extent that this would cause [the transferor department’s] accumulated surplus to reduce below $0, the balance is to be recognised as an expense by [the transferor] and corresponding revenue by [the recipient].

Approved by:

[Minister’s / responsible body’s signature]

[Minister’s / responsible body’s name]

[Minister’s / responsible body’s position]

[Date]
**Example 2. Transfer of Assets to a Parent from its Subsidiary**

**DESIGNATION OF TRANSFER**

This Notice is to effect the transfer of assets from the transferor [insert name of entity] to the recipient) [insert name of entity].

The transfer of assets and other things done under this Transfer Notice are to be accounted for:

- as a ‘distribution to owners’ ‘by the transferor;
- as a ‘redemption of ownership interest’ by the recipient; and
- in accordance with AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

The transfer of assets is to be considered as an adjustment of the recipient's ownership interest in the transferor and an adjustment to the transferor's contributed equity. To the extent that this would cause the contributed equity of [the transferor entity] to reduce below $0, the balance is to be adjusted against [the transferor’s] accumulated surplus. To the extent that this would cause [the transferor’s] accumulated surplus to reduce below $0, the balance is to be recognised as an expense by [the transferor] and as corresponding revenue by [the recipient].

Where the value of the assets transferred is greater than the value of the recipient’s investment in the transferor, the balance is to be considered a 'contribution by owners’ and therefore an adjustment to the contributed equity of the recipient.

This date of this Notice is [dd/mm/yyyy].

Approved by:

[Representative of the State as the ‘owner’]

[If Ministers] Transferor Minister’s signature, name, and position

[If Ministers] Recipient Minister’s signature, name, and position